

First, this President shortened the budget timeline from 10 years to 5 years. Relying on this kind of gimmickry covers up for the President's destructive fiscal decisions, especially as they relate to tax cuts for the rich.

Second, this Republican Congress voted against a system to keep the budget in balance. I am referring to the pay-go rule endorsed by Federal Chairman Alan Greenspan and former Secretary of Treasury Robert Rubin. Pay-go would have required an offset for any decrease in revenue. The method would have ensured a balanced approach to tax cuts. Unfortunately, Republican congressional leaders opted for shunting aside integrity in budgeting. They back pay-go in name, but not in practice.

By any standard, the decisions to ignore a 10 year budget timeline and disregard balancing methods have caused massive red ink and send the country precisely in the wrong direction.

In fact, Federal Reserve Chairman Alan Greenspan put it this way:

The federal budget deficit is on an unsustainable path, in which large deficits result in rising interest rates and ever-growing interest payments that augment deficits in future years . . . Unless this trend is reversed, at some point these deficits will cause the economy to stagnate or worse.

I fear this reconciliation package, coupled with the administration's tax cuts, will lead us to even worse times.

Reconciliation is simply asking too much of middle income families who are facing cost increases for basic needs.

For instance, energy costs to heat one's home have increased 20 percent from last year. Education costs for public universities have increased 7.1 percent. Interest rates that impact college loan payments have doubled over the last 10 months. And, gas prices have increased 19 percent over the last 4 months.

Instead of assisting families with these increased costs, raising the standard of living for the poor, or improving the opportunities to attain a college education, this package adds to financial pressures.

For health care alone, premiums have climbed higher than \$10,000 for families, and this bill will do nothing to reduce out-of-pocket health care spending.

More perniciously, what the bill does do is cut \$10 billion in health care spending for the poorest Americans.

While the bill provides a 1-year temporary relief to physicians, a 1 percent increase in Medicare reimbursements is not enough. This is a Band-Aid fix, at best. When expenses to practice are increasing at a rate of 3 to 5 percent annually, a 1-year 1 percent increase in reimbursements is insufficient. In my State, where the cost of living is beyond the reach of many Californians, doctors are simply choosing not to see any new Medicare patients or are retiring early due to low reimbursement levels.

To make matters worse, the temporary relief for physicians in the bill is borne on the back of Medicare beneficiaries in the form of higher Part B premiums. This provision will directly increase the amount Medicare beneficiaries pay each month in premiums by \$2.90 in 2007. That is a 33-percent increase in monthly premiums. While it is vital that Congress prevent future cuts in Medicare reimbursement to physicians, the provision in this bill amounts to a \$1.4 billion tax on seniors. That is unacceptable.

Further, it is no secret that increased debt puts pressure on inflation. In just this past year, the Federal Reserve enacted 11 consecutive interest rate increases.

This means the American people will have to make higher mortgage payments, pay higher interest, and for those who own debt, it will take even longer to pay off their credit cards.

For some, this bill will put a college education out of reach. Middle-income families, who have no choice but to borrow money for college, will struggle even more to pay tuition bills.

Due to increasing costs of basic needs, there are 1 million more Americans living in poverty this year than there were last year. Not only does this budget reconciliation do nothing to reduce that number, it puts many more Americans at risk of poverty due to higher health care costs and reduced access to social services and education.

As for the environment, this reconciliation blatantly undermines the natural wonders of our country. Shamefully, it opens the Arctic National Wildlife Refuge for drilling to already profit-soaked oil companies.

And, if that is not enough, this administration's fiscal policy forces our children to pay it all back—not only to the Social Security Trust Fund, but to foreign nations.

At any point, foreign countries can stop investing in the dollar, and any small movement could have a significant and immediate impact on the fiscal stability of our Nation's currency.

Does this Congress believe it is good foreign policy to put our economic interests and security in the hands of China, Japan, and the European Union?

Let me be clear, this budget reconciliation is asking Americans to: pay more in interest payments, pay more in health care premiums without improving benefits, borrow more from foreign lenders, further damage our habitat and environment, and leave an even larger bill for future generations to pay.

We should be talking about helping American families, not punishing them with new financial burdens. And, for what good reason? None whatsoever.

The Bush administration's Pavlovian response to everything that ills the economy is: tax cuts—not to middle- and low-income families, who need it most, but, instead, to the wealthiest Americans.

The wealthiest Americans have received tax cuts that are 140 times the

size of the average tax cut for middle-income families. That means millionaires have received an average tax break of \$100,000 a year while middle-income families have received a mere \$742.

Let me be frank, the President's tax cuts do not help working Americans. In fact, the after-inflation wages of the average American earners have dropped for the first time in a decade.

Meanwhile, the President's tax cuts account for 57 percent of the deficit increase. In fact, President Bush's tax cuts are more expensive than all spending increases combined, including new spending for homeland security, the war in Iraq, operations in Afghanistan, expanded antiterrorism efforts, and all domestic spending increases. It is a fiscal record of excess and recklessness.

And without batting an eye, this President goes right along, reiterating his intention of making tax cuts permanent—at a cost of \$11 trillion over 75 years—making it clear that even in the wake of hurricanes, rising gas prices, increasing interest rates, and higher health care costs, this administration will continue to push for lining the pockets of the wealthy.

I believe we can do better. I believe we can bring fiscal responsibility back to the budget process and help middle-income families. We have done it in the past. We can do it now.

In 1982, Ronald Reagan agreed to undo a significant share of tax cuts to combat substantial budget deficits.

Ten years later, President George H.W. Bush changed his position on taxes and signed a bipartisan deficit-reduction package.

More recently, in the late 1990s, after inheriting a national deficit totaling 4.7 percent of GDP, the Clinton administration turned deficits into our first budget surpluses since 1969.

Today, with the national deficit including trust fund accounts reaching 4.5 percent of GDP, it is time to do the same.

In the words of Former Secretary of Treasury Robert Rubin:

We are at a critical juncture with respect to the longer-term future of our economy, and the outcome at this juncture will be enormously affected—for good or for ill—by the policy action we take in response to the great issues we face.

It is time to have the courage to act responsibly. This so called deficit reduction package is not what it claims to be. Yes, it will cut spending by more than \$30 billion, but in a few weeks these savings will be spent on tax breaks for the rich. In the end, this reconciliation package titled "Deficit Reduction" will actually increase the deficit by \$36 billion. This fiscal strategy edges us closer to fiscal insanity and leaves our children and their children impoverished and riddled with debt. The first step to doing better is voting no on this reconciliation bill.

Mr. JOHNSON. Mr. President, in order to meet its reconciliation instructions, the Banking Committee